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HONOLULU ADVERTISER (HI)

15 May 1984

Kindschi: Rewald firm not CIA idea

Third of a series

By Walter Wright

Advertiser Staff Writer

John C. "Jack" Kindschi has been accused of setting up Bishop Baldwin Rewald Dillingham & Wong for the CIA.

The idea, Kindschi says, is "grotesque and outlandish."

The company was incorporated in October 1978, a month after Kindschi arrived to take over as CIA station chief in Honolulu. But Kindschi says the first he heard of the company was when Rewald told him one night he was moving his operation from the Amfac Building to Grosvenor Center and renaming it.

The Amfac Building had been the address of Rewald's CMI Investments, and two little trading companies which the CIA apparently used for commercial cover, Canadian Far East Trading Company and H & H Enterprises.

Rewald, Kindschi says, "said Bishop Baldwin used to be an old company and that he had talked with the owners, now retired. He said Baldwin was in California, an elderly man, and Randall Dillingham was an elderly gent in the Philippines who died."

James Bishop, Kindschi said, was supposed to be a distant relative of members of the old firm.

Rewald disputes Kindschi's account, saying Bishop Baldwin and CMI overlapped each other in time, that Bishop Baldwin was used initially abroad and that Kindschi "authorized" it after he arrived in Hawaii.

In July 1980, Kindschi retired from the CIA. Rewald suggests Kindschi never retired, but Kindschi insists "the CIA was the farthest thing from my mind. I thought I was on to bigger and better things."

Documents indicate that his successor as station chief, Jack Rardin, thereafter paid the phone bills for Canadian Far East Trading Corp. which Kindschi had been paying.

Kindschi says \$120 he received from Bishop Baldwin in February 1980, months before he retired, was for some coin appraisals he offered to do. The next Bishop Baldwin payment to Kindschi doesn't appear on the books until April 1981. Overall, he received over \$68,000 during more than two years.

Kindschi said he researched an immigration problem, put out Bishop Baldwin's quarterly economic report, and worked on some company brochures — including those which suggested the firm had been around for a long time and had done work for the government and White House. Kindschi says he believed Rewald about an old-time predecessor company and about work for the government.

Kindschi also edited the company's "Capital Flight from Hong Kong" study, which he criticized as unoriginal. But Rewald was "proud as a peacock" and claimed Gov. George Ariyoshi had ordered the report for \$230,000, Kindschi said.

How could many other people have gotten the impression that the CIA was deeply

involved with Bishop Baldwin and Kindschi not have gotten wind of such claims?

"Incredible," Kindschi concedes. But he says he wasn't around, went to the office only 25 times in three years and knew few of the other consultants and investors.

Kindschi says Rewald didn't tell him that Bishop Baldwin was doing any CIA business. "He never asked me about my business and I never asked him about his business." Kindschi says if he had heard of CIA stories getting around, true or false, he would have alerted the agency himself.

Kindschi says at one point he jumped to the conclusion that Rewald was collecting intelligence for Gen. Arnold Braswell, then commander in chief of Pacific Air Forces. Braswell, who had considered working for Rewald after his retirement, now says he lost more than \$100,000 to the firm.

"I said, 'Don't get yourself in bed with the military or the government, because you've got a responsibility to the investors,'" Kindschi said.

But didn't Jack Kindschi have some impression of what Rewald's actual relationship with the CIA — whatever it might have been — was, even after he retired?

"Well, yeah," Kindschi responds, "I may have had an impression," but he indicates it was nothing like the scenario which has been laid out by Rewald and his friends — stories of arms deals, stolen plans, disinformation campaigns and "shadow houses."

"You know," says Kindschi, "I've never even heard of a 'shadow house' or a 'real house,' although I've been in this business for years." Those terms were used by KITV reporter Larry Price, who Kindschi says has been duped by Rewald.

Kindschi was particularly upset when Price reported that Kindschi had said he would lie under oath if a truthful answer would reveal Rewald was a covert agent. (Price says he won't accept anything Rewald says at face value, but puts faith in "court documents" shown him by Rewald attorney Robert Smith, specifically a transcript of Smith quoting Kindschi from memory several months earlier.)

Kindschi says he may not answer questions about the CIA, but will not lie.

The Advertiser showed Kindschi a copy of a nine-page letter addressed to Kindschi by Rewald on Jan. 8, 1979, regarding Rewald's recent trip to China. Kindschi glanced at the letter and muttered that such material "would have gone into the round file" at the CIA office.

The rambling letter talks about a factory

Continued

tour, conversations with students, the weather, politics, tourism, business deals, inflation, Taiwan relations and military pacts. It is the kind of thing the CIA sucks up from travelers routinely — some of it volunteered, some of it requested.

Kindschi says he has yet to see a classified document revealed in the Rewald affair, and has seen some faked ones shown on television.

After the company collapsed, Kindschi said, he concluded Rewald had given others an inflated view of his CIA connections.

"When Ron attempted suicide, Robert Jinks called me and asked if I could come to the Hilton Lagoon where Ron had an apartment. Jinks and another consultant from (the firm's office in) Napa were there. He was wringing his hands, and said he wanted to know whether or not he was a CIA agent.

"Why?" I asked. And he said, 'Ron had us sign a secrecy agreement.'

"I said, 'Gentlemen, I can tell you right now, you are not working for the CIA because Ronald Rewald had no authority to sign anyone. He was not an intelligence

officer.'"

Jinks has since sued the CIA for millions, claiming he is an agent and that the CIA misled him or allowed Rewald to do so.

Says Kindschi: "Ask Rewald how he could be a covert agent when he tells everyone he is a covert agent. It just doesn't make sense."

The question was put to Rewald. "Who did I tell?" Rewald demanded.

A letter on Bishop Baldwin stationery dated Dec. 12, 1980, addressed to Jinks, says, in part:

"I had dinner last night with the new director of the CIA and he has several exciting new projects for us after the first of the year. I am certain that if you want, you can get involved in at least one or two of these projects. However, they would require some travel on your part and a good deal of time in briefings first. Maybe you and I can discuss this next time I'm through California, which should be the latter part of January."

The letter is signed: "In the Lord's care, Ron."

Continued

Amfac Building, Suite 700 Bishop Drive Honolulu, Hawaii 96813, Phone (808) 531-4189

January 8, 1979

Mr. John C. Kindschi
P.O. Box 1600
Honolulu, Hawaii

Dear Mr. Kindschi:

As per our previous discussions, I will try to eliminate as much personal opinion as possible and merely relate information as I received it.

First of all, let me state that I could not have planned my visit at a bet-

As many of us have felt that our President played the (CHINA CARD), many in Peking feel as if China played its (AMERICAN CARD). The United States was obviously kidding itself that Taiwan in any way could represent the true interest of mainland China and aside from what I'm sure are the present feelings by many that we abandon our obligation to the people of Taiwan, our long term interest will best be served by our country's new relations with the real China.

It was enjoyable being an American in Peking at this time, with most all the Chinese smiling and nodding and being extremely courteous and considerate, an attitude nonexistent on my last trip to China, which I found in complete contrast to most areas of the country where I was treated with courtesy.

I hope you will find this report of value and I will look forward to hearing from you at your earliest convenience. Should you have any questions or if I can be of further help to you in any way, please do not hesitate to contact me. I will be happy to review with you in person my recent trip and share what other information and pictures I have accumulated.

Sincerely,

Ronald R. Rewald

Ronald R. Rewald

RRR/cb

Excerpts from the letter dated Jan. 8, 1979, from Rewald to then-CIA Honolulu-station chief Kindschi about Rewald's trip to China.

HONOLULU ADVERTISER (HI)

16 May 1984

The dreamer couldn't wait*Looking back,
Kindschi sees signs***Fourth of a series****By Walter Wright***Advertiser Staff Writer*

When Ronald Rewald was flying high, wide and handsome through Hawaii's financial, political and social circles, few knew him better than Jack Kindschi.

When Rewald crashed in a pool of blood and money last July, Kindschi discovered he hardly knew him at all.

Now, in retrospect, aspects of Rewald's personality stand out for Kindschi as faint warning signals.

When they first met, Kindschi saw nothing about Rewald to suggest he was anything other than what he said he was. "He had a beautiful family. He seemed to have high moral standards. His relatives were very pleasant. I'm not a paranoid type of guy. . . . Maybe I should be by now."

Everyone else, too, seemed to think "Rewald was the greatest thing since sliced bread."

It is part of Rewald's defense that his own family was injured in the collapse of his company. Why, Rewald asks, would he injure them? Rewald's answer is that he didn't do it, that the CIA did.

Kindschi, former CIA station chief in Honolulu and a longtime CIA agent, says there is another explanation: "Ron's temperament. Instant gratification. No patience. That's his style. I gave him a little plaque once which said, 'Lord, give me patience — and give it to me right now!' And he didn't like that at all. But he took it to his office and everybody laughed about it because it depicted him so precisely.

"He used to say to me, 'Money is a renewable resource.' I guess I never looked at it that way because I never had that kind of money. And if he saw something he liked, he bought it, he got it.

"He had to satiate or satisfy his impulses and desires at that time.

"And I think he trapped himself. It just got bigger and bigger and bigger.

"I think the whole thing snowballed on him and he thought he could get . . . the United States government to bail him out,"

Kindschi said.

There is in Rewald, Kindschi says, a streak of Walter Mitty — the James Thurber character who lapsed into fantastic dreams of himself as romantic hero.

Kindschi says Rewald idolized Elvis Presley, and his dreams included running for the U.S. Senate from Hawaii. Rewald counters that he had no political ambitions, and that the Elvis Presley costume in his house belonged to his son, not him.

"It's very difficult to get into another person's mind, but I think he kept spending and kept spending and apparently it was part of a long-range plan, it would seem, inasmuch as he had all this insurance with the suicide coverage and everything," Kindschi said.

"Some people say that slashing the wrists is a cry for help. Nobody's really focused on the suicide. . . . It takes an unusual person to attempt suicide. How long was he contemplating it?"

In the preceding six months to a year, Rewald was "less jocular, a less carefree individual" than he had been earlier. On a cruise the Rewalds took with the Kindschis from Honolulu to Victoria early last summer, Rewald "didn't seem to be his usual self."

And then, on the evening of Thursday, July 28, after they had all returned to Hawaii, the Kindschis got an unusual telephone call.

"My wife and I had finished supper, it was about 6:30 p.m., and Nancy called and she said, 'We were just sitting around, come over and have dessert with us.'

"It had never happened before," Kindschi remembers.

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"And we were three-quarters of an hour away. Helen asked me if I wanted to go over, and I said, 'Let's do it,' because I wanted to ask Ron if he wanted me to attend the New Orleans hard money conference.

"We were there from 8 to 10 or so, about two hours.

"We looked at some pictures they had taken in Milwaukee, and Ron and I played a couple of games of pinball, and when we were walking back, past the kitchen, Ron gave Nancy a real dirty look.

"Jeff, the oldest boy, came in, talking about polo, and Ron ate him up one side and down the other. It was a strange evening.

"Nancy started combing the dog, and she was straining to carry on a conversation. She was not herself. Ron didn't eat his dessert, just a couple of bites."

Kindschi didn't know it, but the eerie gathering was sort of a last supper. The day before, Rewald had written a check for \$23,000 to his wife. The next day, she was to take the entire family and leave the Islands. None of that was mentioned to the Kindschis, who were close to the entire family.

"I said something about it was time for us to go, and Ron said, 'Oh, so you're not having a good time,' and I answered back — it's kind of Midwest humor — 'No, this is really awful.'"

Rewald reminded Kindschi not to miss their usual meeting at Motorcars Hawaii that Saturday morning, Kindschi said.

As the Kindschis left on that Thursday evening, Kindschi recalled, he turned to his wife and said, "I don't know what the hell's wrong, but they don't seem to be happy."

Saturday morning, Rewald didn't show up at Motorcars. When Kindschi got home to Kailua, he says, he found two envelopes waiting for him. One was his twice-monthly paycheck from Bishop Baldwin Rewald Dillingham and Wong, \$2,000. The other was a check from Bishop Baldwin for \$145,000.

"I said, 'I don't know what the hell this is for.' . . . I was wondering if something was wrong."

That evening another consultant, Ed Hoffman, called and told Kindschi about a television news program the previous night raising questions about the company. Kindschi went to Hoffman's house and watched a tape of the program.

Later that night, Kindschi got a call from Rewald's chauffeur, Franklin Kipilii. Rewald, Kipilii said, was in serious condition at Queen's Hospital. He had been found near death that day, his wrists slashed, in a Waikiki hotel room.

Next: After the fall, at Rewald's bedside.

HONOLULU ADVERTISER (HI)

17 May 1984

The \$140,000 question

Friendship in the final days

Fifth of a series.

By Walter Wright

Advertiser Staff Writer

John C. "Jack" Kindschi, chief of station for the CIA in Honolulu from 1978 to 1980, is part of the mosaic that makes up Ronald Rewald's claim that the CIA created and ran the firm of Bishop Baldwin Rewald Dillingham & Wong.

The CIA and Kindschi reject that story. And Kindschi goes out of his way to clarify two details which Rewald is using to support the claim.

Rewald has charged, in his \$671 million civil suit against the CIA, that "the key complainant" in the criminal case against Rewald is Kindschi, and that Kindschi requested withdrawal of \$140,000 from his Bishop Baldwin investment the very day of Rewald's suicide attempt, July 29.

Those allegations could be used to bolster a theory that Kindschi, far from being an innocent victim, was an insider who knew "the truth" about the company and tried to get his money out. And that Kindschi, acting on behalf of the CIA, made sure criminal charges were filed against Rewald so that Rewald would be thrown in prison while the agency tried to clean up the mess.

"That's absolutely untrue," Kindschi says today. He says he was as much in the dark as any investor, and lost more than most. And "from the time of the suicide attempt and for the remainder of the year, I had absolutely no contact with anyone from the CIA."

Why is Kindschi making such an effort to set the record straight now?

"I don't want anybody using me," says the veteran CIA officer. "I'm being used as it is by (Rewald attorney Robert) Smith and Rewald and so on."

In fact, Kindschi says, "I was very concerned at the time (of the collapse of the company last year) that maybe for reasons unknown to me the police or the state or somebody else was going to make me the fall guy, because they swooped down on me."

"I think I had three or four subpoenas in a week. Grand jury testimony, state testimony, white collar, fraud, FBI, everything."

Kindschi and his attorney, Richard Griffith, say they since have been told that Kindschi is not a target of criminal investigations.

He says he gave information about Rewald when questioned by investigators and grand juries, but didn't initiate the criminal complaint against his close friend, who was at that moment lying in a hospital bed recovering from a suicide attempt.

"That was the week after, and I didn't have all the facts arrayed in my mind. I had great concerns, but at that time I probably had more compassion than anything else for Ron. I just had to give him every advantage, every benefit of the doubt."

He said he even had Griffith contact Rewald's attorneys, Smith and Brook Hart, to let Rewald know that he had not "brought charges" against Rewald.

Kindschi's account of himself in the investigation is borne out by the police and prosecution, who say they selected Kindschi because they could tell he would be a good witness.

As for the \$140,000 "withdrawal," Kindschi says he received the money but didn't ask for it. The money came up in two emotional conversations with Rewald, Kindschi says.

When he went up to the hospital July 31, two days after the suicide attempt, Kindschi recalled, Rewald merely "rolled his eyes and shook his head. I gave him a lecture about the sanctity of life and how precious life is. I felt like a very small 'c' Catholic and said, 'Gee, Ron, maybe this will make you a better Catholic.' I felt at that time he needed a little preaching to."

"I asked him if he could meet the payroll, and what if there was an investor run? He said, 'We can handle that; we'll have to liquidate some assets . . . That's why I gave you the \$140,000, to tide you over.' " Kindschi said Rewald told him to get in touch with Sunlin Wong, president of Bishop Baldwin, and tell him to shut down the company for 30 days, and Kindschi did.

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A week later, Kindschi said, Rewald telephoned him from the hospital. "And I got on and he said, 'When I get out of the hospital, I've got to talk to you privately.' And I said, 'Well, okay, it's going to be difficult.' And then I started in: I said, 'Ron, what the hell are you doing, you've made such a mess of everything?' He broke down and started crying and hung up."

Another week passed and, Kindschi says, he got another call from Rewald, who was then in prison. Kindschi recalls Rewald saying, "I don't have much time but listen, I've got to get my bail reduced and I'm going to tell them that you requested the \$140,000 when you came over for that Thursday night the 28th." Kindschi said he was "dumbfounded, just speechless, and I said something like, 'You know I'm in enough trouble now, Ron,' " still worried the investigators were coming after him.

"He repeated, 'Remember, you requested the money July 28.' Then I got on his ear again, or on his case, and said, 'You know, you really — Ron, I can't believe what you've done' and he started crying and hung up."

Kindschi says he turned to his wife and exclaimed: "What's he trying to do, get me to perjure myself?"

Rewald denies Kindschi's account of the telephone conversation from the prison, and says he never discussed that money with Kindschi.

Kindschi says he can recall nothing he may have said that would have given Rewald the impression he wanted to withdraw the money.

He had just deposited \$100,000, borrowed from GECC Financial with a Royal Iolani condominium as collateral. He says that brought the total he and his family had invested to close to \$400,000, including interest Rewald had promised.

Kindschi says he assumed Rewald paid him off to try to show that investors such as Kindschi were being paid their money on demand on Friday, July 29, and that there was therefore no reason for the subsequent bankruptcy.

Bankruptcy administrator Thomas Hayes says he has found a note in Rewald's handwriting instructing a company secretary to send \$140,000 to Kindschi and \$70,000 to another close friend and investor, Killian Bode.

The money, like all withdrawals within 90 days preceding the collapse, since has been claimed by Hayes, and Kindschi has returned it.

Conclusion tomorrow: Old friends, old enemies.

HONOLULU ADVERTISER (HI)

17 May 1984

Did Kindschi say he'd lie under oath?

By Walter Wright
Advertiser Staff Writer

The U.S. Attorney's Office said yesterday it is trying to find out if Jack Kindschi, former CIA station chief in Honolulu, really told lawyers he would lie under oath if a truthful answer would reveal Ronald Rewald was a covert agent.

The charge that Kindschi said he would lie was made March 14 in U.S. District Court by Rewald's attorney, Robert Smith.

Kindschi has emphatically denied Smith's charge, as has his attorney, Richard Griffith, who was present when the statement was supposed to have been made Aug. 16. They both say that Kindschi said only that, because of his secrecy oath with the CIA, he would decline to answer any question regarding CIA activity.

Now the U.S. attorney has sent a letter to Griffith asking him if Smith's statement is true.

Smith said the statement was made by Kindschi during an interview with himself and other attorneys for Rewald shortly after Bishop Baldwin Rewald Dillingham & Wong collapsed last August.

Smith, contacted yesterday, said the day after the meeting

he made a four-page memo on the session. He said the memo states that Kindschi admitted having been station chief in Hawaii and denied that Rewald was a covert agent, but "also admitted if Ron were, Kindschi would not be able to admit that; in other words, he would have to lie if asked that question."

Attorneys Brook Hart and Peter Wolff said yesterday they both were present at the meeting, also representing Rewald. They declined to comment on anything said then.

Wolff said the meeting probably was covered by attorney-client privilege and it also was his understanding that Griffith had offered to make Kindschi available for informal, off-the-record questions and what was said was for background information and would not later be repeated publicly.

Smith said his memo contains no reference to the meeting having been for background purposes only.

He said he has no interest in waiving any privilege Rewald still may have in his relationship with attorneys Hart and Wolff.

"It is not of interest to me at this point to try to marshal other witnesses who will support what I've said," Smith said.